

TERMS OF REFERENCE

Procurement of Consulting Services for the Conduct of a Study on the Governance Framework for Agribusiness Subsector towards Rapid, Inclusive and Sustainable Growth for the Philippines

I. Background and Rationale

In the Philippine Development Plan 2011-2016 Midterm Update (Updated PDP), the Government of the Philippines recognizes and identifies agribusiness as contributory to employment generation as well as rapid and sustained growth.¹

While agriculture shows dwindling gross value added (GVA) in the past years, agribusiness – composed of industries directly linked to agriculture – has been increasing.²

The table below (reproduced from Balisacan et al., 2011) indicates that the contribution of agribusiness to total outputs is substantial and steady at 15 percent from 2000 to 2010, almost half of the manufacturing sector's average of 33-percent share to GDP during the period.

Sectoral Growth Rates and their Respective Shares to GDP, 1990-2010

GVA Growth rates (in %)	1990-94	1995-99	1990-99	2000-04	2005-10	2000-10
Agriculture	1.62	1.58	1.60	4.19	2.77	3.41
Manufacturing/Industry	0.90	3.41	2.29	4.70	4.15	4.26
-Agribusiness	2.47	4.02	3.66	4.41	1.83	3.63
Services	1.59	5.38	3.70	5.08	4.46	6.43
GDP	1.68	3.71	2.81	5.43	4.93	4.81
Shares to GDP (in %)						
Agriculture	22	19	20	19	15	18
Manufacturing/Industry	35	35	35	34	32	33
-Agribusiness	14	14	14	15	15	15
Services	43	45	44	47	49	48
Total GDP (2009 PhP Billion)	19.5	23.2	42.7	28.0	35.9	63.9

Notes: Agriculture includes fisheries and forestry. Growth rates computed for period 1990-2010.

Agribusiness growth rates are computed for periods 1990-2009. See Annex A for sub-sectors covered in Agribusiness.

Manufacturing and GDP growth rates are computed for the period 1990-2010.

Source: BAS

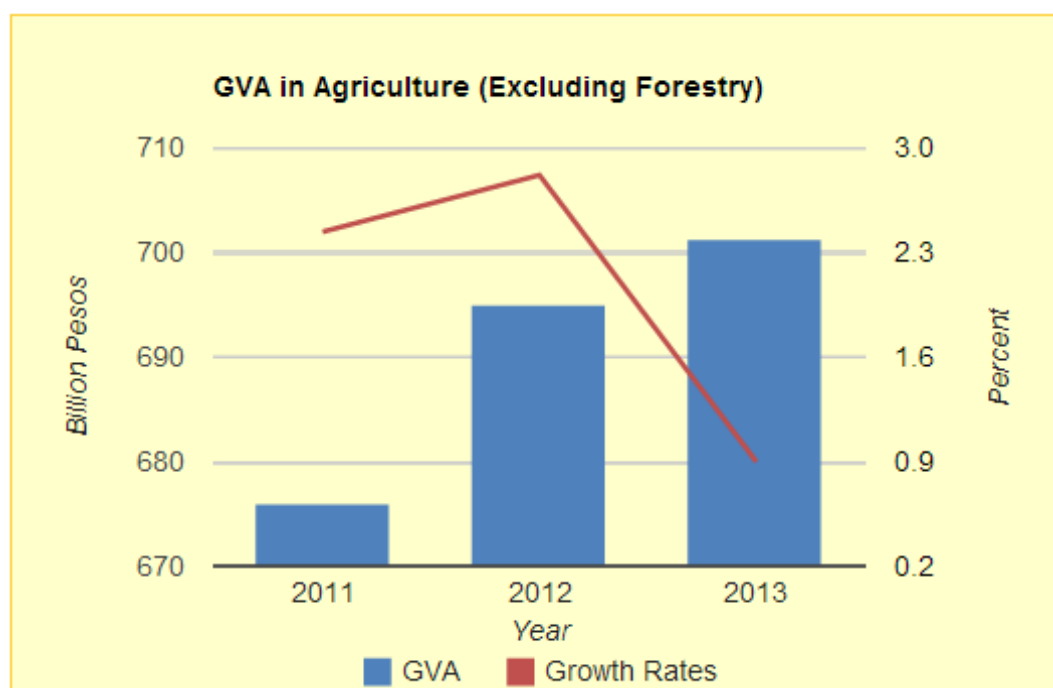
This performance can contribute in enhancing economic growth since the agriculture sector remains crucial, particularly in the bigger agribusiness context that involves subsectors such as agricultural inputs, agro-processing and other agro-related economic activities. The table

¹Philippine Development Plan 2011-2016

²Balisacan A., et. al. Inclusive Agribusiness Growth in the Philippines The Role of Direct and Indirect Channels with a Focus on the Labor Market, 2011

above shows that the agribusiness subsector has slightly shown stronger growth relative to primary agriculture from 1990 to 2010. This performance, if strengthened, can also pave the way for the expansion of primary agriculture and eventually generating and absorbing labor employment. "Agribusiness is projected to emerge as a key employment generator in the next five to 10 years as it boasts a number of hard-to-fill demand posts."³

Meanwhile, in 2014, agriculture accounts for 11.2 per cent of the country's Gross Domestic Product.⁴ Growth rate of GVA in agriculture displayed an increasing trend from 2006 to 2007 but decreased in 2008, from 4.47 percent to 2.54 percent.⁵



However, negative factors continue to plague the agribusiness subsector, hindering it from achieving its potential in becoming a key contributor to economic growth. According to a World Bank study entitled *Private Investments in Mindanao*, these negative factors include poor land policy, poor governance, poor regulatory framework, inconsistent/non-implementation of policies, and corruption.⁶

Good governance is known to be one of the crucial elements needed to achieve economic success. The International Monetary Fund, for instance, stated that governance problems have an impact on economic performance and if not addressed would cause losses in government revenue, low quality of public investments and services, reduced private investments, and loss of public confidence in government.⁷

³Balisacan A., et. al. *Inclusive Agribusiness Growth in the Philippines The Role of Direct and Indirect Channels with a Focus on the Labor Market*, 2011

⁴Philippine Statistics Authority, *National Accounts of the Philippines*, 4th Quarter.

⁵ Philippine Statistics Authority - Bureau of Agricultural Statistics, *CountryStat Philippines*, Chapter on Agribusiness

⁶Dy, Rolando T., *Closing the Productivity Gap in Agribusiness*, 2005.

⁷ Ibid.

II. Scope of Work

In recognizing good governance as an effective platform for implementing development strategies, the NEDA shall procure the services of a Consultant to undertake the following activities:

1. Document the history or development of agribusiness as a subsector in the Philippines;
2. Identify and assess issues and challenges confronting the agribusiness subsector over the years;
3. Benchmark the performance of agribusiness subsector in the Philippines against a comparable Asian country e.g., Thailand;
4. Map existing relevant regulations and policies that affect the development of agribusiness subsector; and
5. Formulate a governance framework for agribusiness subsector.

III. Expected Outputs

The Consultant shall produce the following outputs:

1. Inception Report
 - Ensures mutual understanding between the NEDA and the Consultant on the latter's work plan and timeline for conducting the study
 - Describes the conceptual framework to be used in undertaking the study
 - Sets out the work plan which contains the methodology and mechanics for the conduct of the study
2. Preliminary Report
 - Contains the initial findings and analysis from the data gathering and regional and sectoral meetings and workshops conducted, for comments of the NEDA Governance Movers and key stakeholders
3. Final Report
 - Contains the final integrated inputs, comments and recommendations of the Consultant, the NEDA Governance Movers and key stakeholders

Specifically, the Consultant shall produce the following:

1. Documentation and assessment report of the development of agribusiness as a subsector in the Philippines;
2. Identified and assessed issues and challenges that constrain the agribusiness subsector from reaching its full potential;
3. Benchmarked performance of agribusiness subsector against comparable Asian countries, e.g., Thailand;
4. Assessment report of existing policies and regulations that affect the development of agribusiness subsector;
5. Prioritized list of regulations that will stimulate and sustain the significant contribution of agribusiness subsector to employment generation and economic growth; and
6. Recommendations on the appropriate governance frameworks that will promote agribusiness subsector.

IV. Qualifications and Selection Criteria

1. The Consultant shall possess the following qualifications:

Education	PhD degree in economics, agriculture, public policy or development studies
Experience	Minimum five (5) years relevant experience in conducting a study or research on agriculture, which includes but not limited to agribusiness
Skills and Competency	<ul style="list-style-type: none"> • In-depth knowledge of the industry and services sector, particularly agribusiness subsector • Strong analytical, facilitation and communication skills • At least two (2) completed studies on agriculture • At least five (5) briefings, discussions, workshops or seminars conducted and facilitated for government agencies, civil society organizations, or the private sector

2. Prospective bidders shall be required to submit the following eligibility requirements/documents:

For Individual

- a. Valid Tax Clearance Certificate
- b. PhilGEPS Online Registration Number
- c. Curriculum Vitae highlighting all completed and ongoing contracts regardless of relevance/similarity to the subject undertaking within the last twenty (20) years
- d. At least one (1) Certificate of Project Completion and Acceptance or equivalent Certification from their previous related studies/projects within the past 20 years

For Firm

- a. Class "A" Documents

Legal Documents

- i. Registration certification from the Securities and Exchange Commission (SEC), Department of Trade and Industry (DTI) for sole proprietorship, or Cooperative Development Authority (CDA) for cooperatives, or any proof of such registration
- ii. Valid Mayor's permit issued by the city or municipality where the principal place of business of the prospective bidder is located
- iii. Valid Tax Clearance Certificate per Executive Order (EO) No. 398, Series of 2005, reviewed and approved by the Bureau of Internal Revenue (BIR)

Technical Documents

- i. Statement of the prospective bidder of all its ongoing and completed government and private contracts (properly labeled), including contracts awarded but not yet started, if any, whether similar, relevant or not similar/relevant in nature and complexity to the contract to be bid as defined in the Eligibility Data Sheet, within the relevant period
- ii. Statement of the consultant specifying its nationality and confirming that those who will actually perform the service are registered professionals authorized by the appropriate regulatory body to practice those professions and allied professions, including their respective updated Curricula vitae that show, at the very least, the following:
 - Educational background
 - Relevant work experience (in months and years with detailed description/discussion on the nature and scope of works/services rendered)

- Related training
 - Completed study and/or research on agriculture/ agribusiness
 - Contracts undertaken involving the study of agriculture/ agribusiness
 - Briefings, discussions, workshops or seminars conducted and facilitated for government agencies, civil society organizations, or the private sector
 - Current workload
- iii. At least one (1) Certificate of Project Completion and Acceptance or equivalent Certification from their previous related studies/projects within the past 20 years; and

Financial Document

The Consultant's audited financial statements, showing, among others, the consultant's total and current assets and liabilities, stamped "received" by the BIR, or its duly accredited and authorized institutions, for the preceding calendar year which should not be earlier than two (2) years from the date of bid submission.

- b. Class "B" Document
- Valid JVA, in case a JV is already in existence. In the absence of a JVA, duly notarized statements from all the potential JV partners stating that they will enter into and abide by the provisions of the JVA in the instance that the bid is successful, shall be included in the bid. Failure to enter into a JV in the event of a contract award shall be ground for the forfeiture of the bid security. Each JV partner shall submit the legal eligibility documents. The submission of technical and financial documents by any of joint venture partners constitutes compliance.
3. The Consultant shall be selected using the Quality-Cost Based Selection procedure under Republic Act No. 9184, or the Government Procurement Reform Act (GPRA), and its Revised Implementing Rules and Regulations (IRR) and based on the following criteria:
- | | | |
|-----------------------|---|-----|
| a. Technical Proposal | : | 80% |
| b. Financial Proposal | : | 20% |
4. The hurdle rate is 70%. The mode of procurement for this study shall be through Negotiated Procurement in accordance with the GPRA and its IRR.

V. Implementation Arrangement

1. In the implementation of the consulting services, the NEDA Governance Staff shall undertake the following:
- a. Provide overall direction of the study, including validation and approval of all outputs, among others;
 - b. Closely work with the Consultant by providing inputs, comments, among others, using the learning-by-doing approach⁸;
 - c. Provide workspace and office equipment (i.e., printers, copiers, etc.)
 - d. Provide one (1) computer/laptop for use within the NEDA premises during the duration of the study; and

⁸ Learning-by-doing approach is a mechanism where one or two NEDA personnel will be tasked to participate in the fieldwork or regional workshops, if there are any, during the duration of the study.

- e. Extend assistance in the coordination and preparation of venue, equipment, materials and other logistics for the stakeholder consultation workshop, orientation/briefing or meetings, if necessary.
2. The Consultant shall undertake the following:
 - a. Conduct the study and timely deliver the outputs;
 - b. Submit electronic and hard copies of all draft and final reports;
 - c. Provide orientation/briefing on each of the output reports to the NEDA Governance Staff, as needed;
 - d. Regularly report to the NEDA Governance Staff on the progress of the implementation of the study;
 - e. Capacitate the NEDA Governance Staff, using learning-by-doing approach, and seek the assistance thereof in the conduct of its study;
 - f. Organize and facilitate one (1) stakeholder consultation workshop to serve as a venue to present the initial result of the study and to seek comments and inputs thereon; and
 - g. Turn over all acquired framework, reports, materials, references, among others, to the NEDA.
 3. There shall be joint consultation between the NEDA Governance Staff and the Consultant on any major issues arising from, or in connection with this Terms of Reference, among others. Further revision and/or changes to the Terms of Reference may be made, if necessary, by joint agreement between the parties.
 4. Although the consultancy is home-based, the Consultant is expected to report to the concerned NEDA Officials when deemed necessary.

VI. Fund Source and Approved Budget for the Contract (ABC)

1. Fund for this study shall be sourced from the NEDA Research and Development Program Fund (NEDA R&D Program Fund).
2. The approved budget for the contract is Two Million Pesos (PhP2,000,000.00), inclusive of all applicable government taxes and charges, professional fee, and other incidental and operations costs, which shall be paid on a reimbursement basis. It shall be sourced from the NEDA R&D Program Fund.

VII. Timeframe and Deliverables

The study will be conducted within five (5) months from the issuance of the Notice to Proceed, with the following deliverables:

Activities/Milestones	Timeline
1. Preparation and submission of Inception Report, which includes work plan—Five (5) hard copies and soft/e-copy	Week 1-Week 2 of Month 1
2. Data gathering and conduct of regional and sectoral meetings and workshops	Week 3-Week 4 of Month 1 Week 1- Week 4 of Month 2 Week 1-Week 2 of Month 3
3. Preparation and submission of Preliminary Report—Five (5) hard copies and soft/e-copy	Week 3-Week 4 of Month 3 Week 1-Week 2 of Month 4

Activities/Milestones	Timeline
4. Review and critiquing of Preliminary Report by concerned members of the NEDA Governance Movers	Week 3-Week 4 of Month 4
5. Stakeholder Consultation Workshop	Week 1 of Month 5
6. Revision (Incorporating comments and suggestions of the NEDA Governance Movers and other Stakeholders) and submission of Final Report—Five (5) hard copies and soft/e-copy	Week 2-Week 4 of Month 5

VIII. Payment Schemes/Schedule

1. The payment of remuneration or professional fee, which is a non-reimbursable item, shall be output-based and scheduled as follows:

Deliverables	Payment Allocation
Upon acceptance of the Inception Report	30%
Upon completion of regional and sectoral meetings and workshops and acceptance of the Preliminary Report	30%
Upon completion of the stakeholder consultation workshop and acceptance of the Final Report	40%
TOTAL	100%

2. Billing for reimbursable items, which include incidental expenses incurred for meetings, stakeholder consultation workshops, travels, among others, may be requested not more than once a month based on the actual expenses incurred and supported by official receipts/documents.
3. In the absence of official receipts/documents when claiming for reimbursable costs, the Consultant may also be allowed to submit a certification of actual disbursements made under oath.
4. The Consultancy Services shall be a fixed price contract. Any extension of contract time shall not involve any additional cost to the NEDA.

IX. Retention Payment

1. A retention payment of ten (10) percent shall be withheld. It shall be based on the total amount due to the Consultant prior to any deduction and shall be retained from every progress payment until 50 percent of the value of the Project, as determined by the NEDA, is completed. If, after 50 percent completion, the Project is satisfactorily done and on schedule, no additional retention shall be made; otherwise, the ten (10) percent retention shall be imposed.
2. The total “retention money” shall be due for release upon approval of the Final Report. The Consultant may, however, request the substitution of the retention money for each progress billing with irrevocable standby letters of credit from a commercial bank, bank guarantees, or surety bonds callable on demand, of amounts equivalent to the retention money substituted for and acceptable to the NEDA provided that the Project is on schedule and is satisfactorily undertaken. Otherwise, the ten (10) percent retention shall be made. Said irrevocable standby letters of

credit, bank guarantees and/or surety bonds, to be posted in favor of the NEDA shall be valid for the duration of the contract.

X. Liquidated Damages

1. Where the Consultant refuses or fails to satisfactorily complete the work within the specified contract time, plus any time extension duly granted and is hereby in default under contract, the Consultant shall pay the NEDA for liquidated damages, and not by way of penalty, an amount, as provided in the conditions of contract, equal to one tenth (1/10) of one (1) percent of the cost of the unperformed portion for every day of delay. The maximum deduction shall be ten (10) percent of the amount of contract. Once the cumulative amount of liquidated damages reaches ten (10) percent of the amount of the contract, the NEDA shall at its own discretion terminate the contract without prejudice to any further action it may take to recover whatever losses incurred due to non-performance of the Consultant.
2. To be entitled to such liquidated damages, the NEDA does not have to prove that it has incurred actual damages. Such amount shall be deducted from any money due or which may become due the Consultant under the contract and/or collect such liquidated damages from the retention money or other securities posted by the Consultant whichever is convenient to the NEDA.